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DIA and DOS review(s) completed.

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GENERAL

12 JUN 1946

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1. Soviet troop movements through Rumania to USSR--General Schuyler, US Delegate ACC, Rumania, reports "unusually" heavy Soviet troop and materiel movements eastbound through Rumania (apparently from Hungary to the USSR) during the past three weeks. He also reports (a) a lesser, but steady traffic of troops from the USSR into Rumania apparently in transit to the west and south, and (b) a large build-up of Soviet aircraft in Rumania since 1 May which reached its peak during the first week in June.
2. British propose to consider Palestine Report as a whole--The US has proposed to the UK that discussion of the physical problems of transferring 100,000 Jews to Palestine be initiated immediately (see Daily Summary of 6 June, item 10). Ambassador Harriman now understands that Prime Minister Attlee is informing President Truman that he takes "a negative view" of such discussions prior to consideration of the report as a whole.
3. US opposes Austrian statement on Trieste--The State Department, in connection with a Yugoslav offer of concessions to Austria in return for a statement supporting the Yugoslav claim to Trieste (see Daily Summary of 3 June, item 3), has instructed Erhardt to point out to Austrian officials that the US (a) considers such a statement at this time "inopportune and undesirable"; and (b) will take appropriate steps to obtain for Austria the concessions offered by Yugoslavia.

#### EUROPE-AFRICA

4. AUSTRIA: Delay in signing new control machinery agreement--The State Department has informed US Political Advisor Erhardt that General Clark has been instructed not to sign the new control machinery agreement at the Allied Council meeting on 14 June, since the Austrian draft treaty will be proposed for inclusion on the agenda of the Council of Foreign Ministers on 15 June. Should agreement not be reached on the draft treaty, the US will "in all probability" concur in the new control machinery agreement "as a transitional measure".

Erhardt has reported that, though the Soviet representatives expect Moscow to approve the agreement, a "real danger" exists

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NO CHANGE in Class. ☐

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that the Soviets may refuse to sign because of the provisions which reduce the "supreme authority" of individual commanders.

5. **BULGARIA:** US statement on Communists inadvisable now--Secretary Byrnes has informed the US representative in Sofia that he considers it inadvisable "at present" to make a statement concerning Communist violence and political oppression in Bulgaria. Byrnes concedes that such a statement is amply justified, but believes it is of "paramount importance. . . to work for as auspicious a commencement" as possible of the forthcoming Council of Foreign Ministers.
6. **CZECHOSLOVAKIA:** Representation in new cabinet--Charge Bruins in Prague reports that all the major political parties (a) will participate in a new cabinet with the Communist leader, Gottwald, as Premier, and (b) expect cabinet posts to be distributed in proportion to the vote polled by each party (which would make the new cabinet very similar in character to the last one). The moderate parties' willingness to participate reflects a conviction that their abstention would eventually benefit the Communists.
7. **GERMANY:** Strength and efficiency of US infantry units--General McNarney has reported to the War Department that the bulk of the infantry units under his command (a) are comprised "almost exclusively" of untrained recruits, (b) have only 80 percent of their full strength, and (c) have an estimated average combat efficiency of between 25 and 35 percent.
8. **DENMARK:** Soviet trade negotiations--The Foreign Minister has informed the US Ambassador that (a) prospects for a trade agreement with the Soviets are "most hopeful", but (b) Denmark does not intend to reduce commitments to the UK in order to supply the USSR.

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10. KOREA: Hodge proposes to reconvene Joint Commission--General Hodge proposes, subject to State Department concurrence, to invite General Chistiakov to resume negotiations toward the fulfillment of the Moscow decision on Korea. Hodge asks for an early comment on this proposal, in view of the "increasing restlessness of the Korean people."
11. JAPAN: Soviet proposals regarding repatriation shipping--Acheson reports that, according to the Soviet member of the Allied Council, the USSR cannot assign any shipping to Japanese repatriation. Acheson comments that the USSR is trying to place the entire burden of repatriation on the US. He believes that formation of any commissions to inventory Japanese war vessels and prepare for the disposition of Japanese merchant vessels, as proposed by the USSR, would be in derogation of SCAP's authority.

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